

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

LAURA MCKNIGHT, TRISHA
TURNER, ANDREW BAKER,
RACHAEL FREEDMAN, KIMBERLY
MCCRAY, and MARGO MORENO,
PLAINTIFFS,

v.

C.A. NO. 09-3345

D. HOUSTON, INC. D/B/A TREASURES,
A.H.D. HOUSTON, INC. D/B/A
CENTERFOLDS,
D N.W. HOUSTON, INC. D/B/A GOLD
CUP, D. RANKIN, INC. D/B/A TROPHY
CLUB, D WG FM, INC. D/B/A
SPLENDOR, W.L. YORK, INC. D/B/A
COVER GIRLS, AND, IN THEIR
INDIVIDUAL CAPACITIES,
ALI DAVARI and HASSAN DAVARI,
DEFENDANTS.

Jury Trial Demanded

DECLARATION OF RACHAEL FREEDMAN

Pursuant to 28 U.S.C.A. § 1746, the undersigned declares as follows:

"My name is Rachael Freedman. I am over the age of eighteen and am in all ways competent to attest to the facts set forth herein. I am a party to the above styled lawsuit. The facts of this Declaration are within my personal knowledge and are true and correct."

"From February 2006 to May 2008, I worked for D. Houston, Inc. d/b/a Treasures, which is owned and operated by Ali and Hassan Davari. During the time at issue in this case, they also owned and operated A.H.D. Houston, Inc. d/b/a Centerfolds, D N.W. Houston, Inc. d/b/a Gold Cup, D. Rankin, Inc. d/b/a Trophy Club D WG FM, Inc. d/b/a Splendor, W.L. York, Inc. d/b/a Cover Girls. During most of the time I worked for the Davari brothers, including the last part of my employment, I worked as a waitress. I was paid sub minimum wage at \$2.13 per hour, plus tips, although I was not always paid for every hour I worked."

"During the time I worked for the Davaris, I would have 5% deducted from my tips (which was kept by the owners and club) earned on credit card tabs. This practice of charging more than the actual credit card conversion fee was standard and happened

the whole time I worked for the Davaris. I heard from other employees that this type of credit card deduction was standard at each of the clubs the Davaris owned."

"Also, part of our job duties included processing the drinks, food, and "lap dance" charges on our customers' credit cards. The dancers generally charged customers \$20 per dance for cash dances, and \$25 per dance if paid by credit card, since the dancers were forced to give \$5 to the club if a dance was paid by credit card. No money was paid by the dancer to the club if a patron paid for a dance in cash. The \$5 credit card fee charged to the dancers for each dance more than covered any expense associated with processing any credit card transaction. The dancers also had to pay a door "entrance fee" upon first entering the club at night. The payment varied based upon the time they arrived. For example, if a dancer showed up at 9 p.m., she might have to pay \$40, but if she arrived at 11 p.m. the entrance fee would be more, like \$65."

"As for how waitresses and bartenders got paid, we often had to wait to get paid our tips on larger credit card charges. So, the managers would just say that we would have to wait a month or two to make sure that the customer did not contest the charge, and then we would get paid. Other times, if we did get paid on a credit card transaction which was later contested in part or in whole, one of the managers would make the waitress and the dancer pay back the money they got. To pay it back, myself and others I talked with were ordered to bring cash in an envelope and give it to David Davari."

"I paid back contested credit card charges in cash on at least one occasion during the time I worked for Treasures. A number of other times, I also saw other waitresses and dancers bring cash in envelopes like I did to repay the club if a credit card charge was forced back."

"All of the bartenders and waitresses who worked for the Davaris did the same job. We had the same job duties and were subjected to the same control by the Davaris, who were very hands on. As I have seen it and I understand it, the clubs had the same formula used for credit card processing fees assessed to waitresses and bartenders. I think it is unfair that all of us were treated this way."

"I swear under penalty of perjury that the foregoing is true and correct."

Dated: May 6, 2010

Rachel Freedman
RACHEL FREEDMAN